

## Message Text

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C O N F I D E N T I A L SECTION 1 OF 5 BRUSSELS 5185

E.O. 11652: GDS

TAGS: ENRG, BE

SUBJECT: ENERGY COORDINATION GROUP: CHAIRMAN'S PAPER ON IEP

BELGIAN MINISTRY FOREIGN AFFAIRS PROVIDED EMBASSY ON JULY 12  
CHAIRMAN'S PAPER ON IEP (ECG/61, JULY 12, 1974). FOLLOWING  
IS COMPLETE TEXT (ORIGINAL IN ENGLISH):

"ENERGY COORDINATING GROUP  
MEETING, JULY 8 AND 9, 1974  
CHAIRMAN'S NOTE

1. THIS NOTE SETS OUT THE ELEMENTS OF AN INTEGRATED EMERGENCY  
PROGRAM FOR CONSIDERATION BY GOVERNMENTS OF THE ENERGY CO-  
ORDINATING GROUP.

2. THIS NOTE IS CIRCULATED UNDER THE RESPONSIBILITY OF THE  
CHAIRMAN. IT TAKES INTO ACCOUNT THE DISCUSSIONS WHICH HAVE  
TAKEN PLACE WITHIN THE WORKING PARTY ACCORDING TO ITS TERMS  
OF REFERENCE ECG/WP/52, AND WITHIN THE ECG AND ITS JULY  
8-9 MEETING. SOME DELEGATIONS HAVE INDICATED THAT ALTHOUGH  
PARTICIPATING IN THE WORK OF THE ECG, THEY HAD TO EXPRESS  
A GENERAL RESERVE.

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INTEGRATED EMERGENCY PROGRAM

EACH PARTICIPATING COUNTRY WILL MAKE FUNDAMENTAL COMMITMENTS CONCERNING THE MANNER IN WHICH IT WILL PREPARE FOR AND RESPOND TO A POSSIBLE INTERRUPTION OR REDUCTION IN THE SUPPLY OF AVAILABLE OIL:

- ESTABLISHMENT OF A PACKAGE OF NATIONAL DEMAND RESTRAINT MEASURES WHICH WOULD BE IMPLEMENTED IN AN EMERGENCY TO REDUCE CONSUMPTION TO 93 PERCENT AND 90 PERCENT, DEPENDING ON THE SEVERITY OF THE EMERGENCY OF CONSUMPTION DURING A BASE PERIOD.

(CHAPTER A);

-DEVELOPMENT OF A COMMON LEVEL OF EMERGENCY SELF-SUFFICIENCY BASED ON EMERGENCY SUPPLIES, EXPRESSED IN TERMS OF EACH COUNTRY BEING ABLE TO LIVE WITHOUT IMPORTS (FOR DAYS)

(CHAPTER B);

- AGREEMENT THAT IN AN EMERGENCY ALL AVAILABLE OIL WOULD BE ALLOCATED WITHIN THE GROUP ACCORDING TO A FORMULA BASED ON TARGET EMERGENCY SUPPLIES AND A COMMON RATE OF CONSUMPTION WHICH WOULD PERMIT EACH COUNTRY TO LIVE ON ITS TARGET EMERGENCY SUPPLIES FOR THE SAME PERIOD OF TIME (CHAPTER C);

-PRIOR AGREEMENT THAT ALLOCATION WILL BEGIN WHEN ANY COUNTRY SUFFERS A REDUCTION IN OIL SUPPLY OF 5 PERCENT OF ITS CONSUMPTION; THAT ALLOCATION WILL BEGIN AND DEMAND WILL BE RESTRAINED TO 93 PERCENT WHEN THE GROUP AS A WHOLE SUFFERS A REDUCTION IN OIL SUPPLY EQUAL TO 7 PERCENT OF ITS OIL CONSUMPTION; AND THAT DEMAND WILL BE RESTRAINED TO 90 PERCENT IF THE SUPPLY REDUCTION REACHES 14 PERCENT OF CONSUMPTION. IN ADDITION, A THIRD LEVEL OF DEMAND RESTRAINT WOULD BE IMPOSED IN THE EVENT OF A LONG OR PARTICULARLY SEVERE CRISIS CAUSING A HIGH DEGREE OF DEPLETION OF EMERGENCY SUPPLIES. (ALL OF THESE DEMAND RESTRAINT MEASURES COULD OF COURSE BE EASED IF IT WERE SUBSEQUENTLY FOUND THAT DEMAND WAS BEING RESTRAINED BY MORE THAN THE ACTUAL REDUCTION IN SUPPLIES.) (CHAPTER D);

- AN UNDERTAKING TO DEVELOP A LONG- TERM COOPERATIVE PROGRAM TO REDUCE DEPENDENCE ON IMPORTED OIL (CHAPTER E).

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THE FOLLOWING CHAPTERS EXPLAIN THE PROGRAM IN GREATER DETAIL.

A. EMERGENCY DEMAND RESTRAINT

1. EACH PARTICIPATING COUNTRY SHOULD BE PREPARED TO RESTRAIN ITS CONSUMPTION IN AN EMERGENCY BY BRINGING ABOUT AGREED COMMON MINIMUM REDUCTIONS IN SUCH CONSUMPTION. EACH COUNTRY WILL MAINTAIN A PROGRAM OF STANDBY EMERGENCY RESTRAINT

MEASURES WHICH WOULD REDUCE CONSUMPTION TO THE APPLICABLE LEVEL.

2. INITIALLY, THE CONSUMPTION RATE BASIS AGAINST WHICH ALL DEMAND RESTRAINT CALCULATIONS WOULD BE MADE IS THE PARTICIPANT'S NORMAL AVERAGE DAILY RATE OF OIL CONSUMPTION FOR 1973. (FOOTNOTE) THE METHOD OF DETERMINING THE BASE FOR FUTURE CALCULATIONS SHALL BE REVIEWED BY THE COMPETENT BODY AT AN EARLY DATE AND NO LATER THAN 1 JULY 1975. (FOOTNOTE: AN EXPERT BODY WILL DETERMINE WHETHER ALLOWANCE SHOULD BE MADE FOR SEASONAL VARIATIONS.)

3. WHEN THE TOTAL OIL SUPPLIES OF THE GROUP ARE REDUCED BY 7 PERCENT (SEE SECTION D), THE PROGRAM WOULD COME INTO EFFECT, I.E., EACH COUNTRY WOULD EFFECTUATE DEMAND RESTRAINT MEASURES SUFFICIENT TO REDUCE ITS OIL CONSUMPTION TO 93 PERCENT OF ITS CONSUMPTION DURING THE BASE PERIOD, AND ALLOCATION OF AVAILABLE OIL WOULD TAKE PLACE WITH INDIVIDUAL PARTICIPANTS' SUPPLY RIGHTS CALCULATED IN THE BASIS OF TARGET EMERGENCY SUPPLIES (SEE SECTION C).

4. WHEN THE TOTAL OIL SUPPLIES OF THE GROUP ARE REDUCED BY 14 PERCENT (SEE SECTION D), EACH COUNTRY WOULD EFFECTUATE FURTHER DEMAND RESTRAINT MEASURES SUFFICIENT TO REDUCE ITS OIL CONSUMPTION TO 90 PERCENT OF ITS CONSUMPTION DURING THE BASE PERIOD. AVAILABLE OIL WOULD BE ALLOCATED ON THE BASIS OF TARGET EMERGENCY SUPPLIES AT THE SECOND LEVEL OF DEMAND RESTRAINT.

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5. PARTICIPATING COUNTRIES AGREE THAT WHEN ACCUMULATED DAILY EMERGENCY SUPPLY DRAWDOWN OBLIGATIONS HAVE REACHED 50 PERCENT OF TARGET EMERGENCY SUPPLIES, MANDATORY DEMAND RESTRAINT SHALL BE INCREASED TO THE LEVEL REQUIRED FOR MEETING THE NECESSITIES OF THE SITUATION. AVAILABLE OIL WOULD THEN BE ALLOCATED ON THE BASIS OF TARGET EMERGENCY SUPPLIES AT THIS NEW LEVEL OF DEMAND RESTRAINT.

6. IF IT IS SUBSEQUENTLY FOUND THAT THIS DEMAND RESTRAINT PROGRAM CURTAILS CONSUMPTION BY MORE THAN THE SHORTFALL IN SUPPLIES, THE GROUP COULD DECIDE TO MODIFY THE DEMAND RESTRAINT MEASURES AS APPROPRIATE, UNDER THE PROVISIONS DESCRIBED UNDER D (REVIEW CLAUSE).

IN THIS AND ALL OTHER SITUATIONS COVERED BY THIS PROGRAM COUNTRIES ARE OF COURSE FREE TO RESTRAIN DEMAND BY MORE THAN THE MANDATORY LEVEL. (SEE FOOTNOTE) HOWEVER, IN THE CALCULATION OF THEIR SUPPLY RIGHTS UNDER THE ALLOCATION FORMULA, IT WILL BE PRESUMED THAT THEY HAVE RESTRAINED DEMAND BY THE AGREED COMMON AMOUNT. (FOOTNOTE: COUNTRIES MIGHT ALSO RESTRAIN DEMAND LESS THAN THE MANDATORY LEVEL BUT ONLY TO A DEGREE CONSISTENT WITH THE OVERALL ECONOMY OF THE SYSTEM AND WITH THE PRINCIPLE OF SOLIDARITY.)

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7. THE PROCEDURE FOR EVALUATING EACH COUNTRY'S COMPLIANCE WITH ITS COMMITMENT TO ESTABLISH A SERIES OF DEMAND RESTRAINT MEASURES RESTS PRIMARILY ON THE GROUP'S ACCEPTANCE OF EACH MEMBER'S UNDERTAKING TO COMPLY WITH THE AGREED COMMON DEMAND RESTRAINT PERCENTAGE. IN ADDITION, A STANDING TECHNICAL COMMITTEE MIGHT BE ESTABLISHED WHOSE FUNCTIONS WOULD BE TO REVIEW, ON A CONTINUING BASIS, THE DEMAND RESTRAINT PROGRAM OF EACH PARTICIPATING COUNTRY IN ORDER TO ASSESS:

- (1) EACH COUNTRY'S POSITION RELATIVE TO THE TARGET;
- (11) THE EFFECTIVENESS OF EACH COUNTRY'S MEASURES FOR ATTAINING ITS TARGET.

TECHNICAL STUDIES MIGHT ALSO BE UNDERTAKEN TO DETERMINE HOW AN INCREASE IN THE DEMAND RESTRAINT LEVEL COULD BE DEVELOPED.

B. EMERGENCY SUPPLIES

1. SELF SUFFICIENCY CAPABILITY

THE PARTICIPATING COUNTRIES AGREE TO DEVELOP A COMMON SELF-

SUFFICIENCY CAPABILITY. THIS CAPABILITY WILL BE EXPRESSED IN TERMS OF THE NUMBER OF DAYS THEY WOULD BE ABLE TO LIVE WITHOUT IMPORTS OF OIL AT AN AGREED COMMON LEVEL OF RESTRAINED CONSUMPTION. FOR PURPOSES OF CALCULATION, THIS SELF-SUFFICIENCY WILL BE MEASURED IN TERMS OF NORMAL CONSUMPTION. (SEE FOOTNOTE 1) FOR PURPOSES OF PRESENTATION, THE SELF-SUFFICIENCY MAY LATER BE RECALCULATED IN TERMS OF EMERGENCY CONSUMPTION. A SELF-SUFFICIENCY COMMITMENT OF ( ) DAYS FOR EACH PARTICIPATING COUNTRY SHOULD ENTER INTO FORCE NO LATER THAN (OCT. 1974). A LONG TERM COMMITMENT OF ( ) DAYS OF SELF-SUFFICIENCY SHOULD ENTER INTO FORCE BY ( ). (SEE FOOTNOTE 2) (FOOTNOTE 1: 1973 WILL BE THE INITIAL BASE PERIOD. THE METHOD OF DETERMINING THE BASE PERIOD FOR FUTURE CALCULATIONS SHALL BE REVIEWED BY A COMPETENT BODY AT AN EARLY DATE AND NO LATER THAN 1 JULY 1975.) (FOOTNOTE 2: CONSIDERATION WILL ALSO BE GIVEN TO A POSSIBLE SERIES OF INTERMEDIATE TARGETS.)

## 2. DEFINITION

THE SELF-SUFFICIENCY CAPABILITY COMMITMENT SHALL BE MET BY OIL STOCKS, STAND-BY PRODUCTION, AND FUEL SWITCHING CAPACITY.

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(A) OIL STOCKS WILL INCLUDE THOSE STOCKS OF CRUDE OIL AND REFINED PRODUCTS COVERED BY THE OECD DEFINITION OF STOCKS WHICH:

--ARE NOT ESSENTIAL TO THE OPERATION OF THE REFINING AND DISTRIBUTION SYSTEM DURING A SUPPLY INTERRUPTION; AND

--WOULD AT VERY SHORT NOTICE BE AT THE DISPOSAL OF THE GOVERNMENT CONCERNED IN CASE OF EMERGENCY.

(FOOTNOTE: THE WORKING GROUP WHICH WILL MEET ON JULY 28-29 WILL FORMULATE A RECOMMENDATION AS TO WHAT PORTION OF STOCKS COVERED BY THE OECD DEFINITION MIGHT BE CREDITED TOWARD THE INITIAL SELF-SUFFICIENCY CAPABILITY COMMITMENT UNDER THE PROGRAM. THE WORKING GROUP WILL ALSO CONSIDER IN THIS CONNECTION WHETHER INTER ALIA STOCKS IN THIRD COUNTRIES AND SOME PORTION OF OIL AT SEA CAN BE CREDITED TOWARD EMERGENCY SELF-SUFFICIENCY.)

(B) DOMESTIC OIL PRODUCTION CAPACITY WHICH IS HELD IN RESERVE FOR EMERGENCY AND CAPABILITY TO SWITCH FROM OIL CONSUMPTION TO CONSUMPTION OF OTHER FUEL MAY CONSTITUTE PART OF SELF-SUFFICIENCY CAPABILITY ACCORDING TO PRINCIPLES TO BE DETERMINED BY THE JULY 28-29 WORKING GROUP.

## 3. LONG-TERM INVESTMENT CREDIT SYSTEM

A CREDIT SYSTEM FOR LONG TERM INVESTMENTS TO BE TAKEN INTO

ACCOUNT IN MEETING SELF-SUFFICIENCY COMMITMENTS IN DEALT  
WITH IN ANNEX OF E.

4. TECHNICAL COMMITTEE

A TECHNICAL COMMITTEE SHOULD BE ESTABLISHED UNDER THE  
PROGRAM TO :

- (A) REFINE FURTHER THE CONCEPTS OF
    - EMERGENCY OIL STOCKS;
    - DOMESTIC OIL PRODUCTION WHICH IS HELD IN RESERVE  
FOR EMERGENCY PURPOSES;
    - CAPABILITY TO SWITCH FROM OIL CONSUMPTION TO OTHER  
FUEL CONSUMPTION.
  - (B) KEEP UNDER REVIEW THE ADEQUACY OF THE AGREED SELF-  
SUFFICIENCY TARGET;
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(C) EXAMINE POTENTIAL SAVINGS IN THE DISTRIBUTION SYSTEM  
WHICH COULD INCREASE SUPPLIES IN AN EMERGENCY.

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C. ALLOCATION OF AVAILABLE OIL

1. THE PRINCIPLES GOVERNING ALLOCATION WHEN THE GENERAL TRIGGER IS PULLED ARE:

- A PRE-ESTABLISHED DEVICE ENSURING THAT AVAILABLE OIL WILL BE ALLOCATED AMONG THE PARTICIPATING COUNTRIES IN SUCH A WAY THAT EACH COUNTRY RESPECTING ITS COMMITMENTS WILL BE ABLE TO LIVE ON ITS EMERGENCY SUPPLIES AT THE AGREED TARGET LEVEL FOR THE SAME PERIOD.
- IN ANY GIVEN CASE, INDIVIDUAL COUNTRIES MIGHT CHOOSE TO TAKE OTHER EQUIVALENT MEASURES SUCH AS SPECIAL DEMAND RESTRAINT PROGRAMS--IN LIEU OF HOLDING AND DRAWING DOWN EMERGENCY SUPPLIES.
- A UNIFORM RATE OF DEMAND RESTRAINT IS ASSUMED TO BE APPLIED TO ALL MEMBERS OF THE GROUP. EACH COUNTRY'S "SUPPLY RIGHTS" WOULD BE CALCULATED IN THE FOLLOWING MANNER:  
SUPPLY RIGHTS (DAILY RATE) EQUALS PERMISSIBLE CONSUMPTION (DAILY RATE) MINUS EMERGENCY SUPPLY DRAWDOWN OBLIGATION (DAILY RATE).

WHERE:

" PERMISSIBLE CONSUMPTION" IS THE AVERAGE DAILY RATE OF  
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CONSUMPTION AFTER THE APPLICABLE EMERGENCY DEMAND RESTRAINT PROGRAM GOES INTO EFFECT.

"EMERGENCY SUPPLY DRAWDOWN OBLIGATION" EQUALS COUNTRY EMERGENCY SUPPLY TARGET DIVIDED BY EMERGENCY SUPPLY TARGET FOR GROUP AND MULTIPLIED BY GROUP'S SUPPLY SHORTFALL, I.E., THE GROUP'S SHORTFALL WILL BE APPORTIONED AMONG THE INDIVIDUAL MEMBERS IN PROPORTION TO THEIR EMERGENCY SUPPLIES TARGET.

"SUPPLY SHORTFALL" IS THE SHORTFALL IN OIL SUPPLIES FOR THE GROUP AS A WHOLE AS MEASURED BY THE AGGREGATE OF PERMISSIBLE CONSUMPTION FOR THE GROUP MINUS THE CURRENT DAILY RATE OF OIL SUPPLIES (I.E., THE GROUP'S PRODUCTION PLUS NET OIL IMPORTS) ACTUALLY AVAILABLE. ALL CALCULATIONS WILL BE MADE ON THE BASIS OF TARGET RATHER THAN ACTUAL EMERGENCY SUPPLIES: I.E., COUNTRIES FAILING TO MEET THE EMERGENCY SUPPLIES COMMITMENT WOULD REMAIN MORE VULNERABLE THAN COMPLYING MEMBERS.

2. WHEN NOT THE GENERAL BUT ONLY THE SELECTIVE TRIGGER IS PULLED AND DEMAND RESTRAINT HAS NOT BEEN MADE MANDATORY, ALLOCATION WILL TAKE PLACE ON THE PRINCIPLE THAT EACH COUNTRY AFFECTED BY AN IMPORT SHORTFALL WILL ABSORB THE SHORT FALL UP TO THE PERCENTAGE LEVEL OF ITS NORMAL CONSUMPTION AT WHICH THE SELECTIVE TRIGGER IS PULLED. (FOOTNOTE: THE MANNER IN WHICH THE REMAINING SHORTFALL WILL BE SHARED AMONG THE MEMBERS OF THE GROUP

REMAINS TO BE DETERMINED.)

3. THE PARTICIPATING COUNTRIES AGREE THAT SUPPLIES SUBJECT TO AN ALLOCATION SCHEME SHOULD COMPRISE ALL CRUDE OIL, OTHER REFINERY FEEDSTOCKS AND FINISHED PRODUCTS PRODUCED IN ASSOCIATION WITH CRUDE OIL AND NATURAL GAS AVAILABLE TO THE GROUP AREA. INsofar AS POSSIBLE NORMAL CHANNELS OF SUPPLY WILL BE MAINTAINED.

4. THE PARTICIPATING COUNTRIES ARE OF THE VIEW THAT THE PRICE FOR ALLOCATED OIL SHOULD BE BASED ON THE PRICE CONDITIONS PREVAILING FOR COMPARABLE COMMERCIAL TRANSACTIONS. FAIR TREATMENT FOR ALL MEMBERS SHOULD BE ENSURED.

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5. WHENEVER THE PROGRAM IS ACTIVATED, THE PARTICIPATING COUNTRIES WILL SEEK TO MAINTAIN THE GROUP'S SAME PROPORTIONATE SHARE OF WORLD OIL SUPPLY AS UNDER NORMAL MARKET CONDITIONS. WITHIN THIS GENERAL PRINCIPLE THE CRISIS MANAGEMENT COMMITTEE WILL DECIDE UPON SPECIFIC MEASURES REQUIRED.

D. RULES FOR ACTIVATION OF EMERGENCY MEASURES

1. THE TRIGGER

THE INTEGRATED EMERGENCY PROGRAM SHALL BE ACTIVATED WHENEVER THE GROUP AS A WHOLE, OR ANY PARTICIPATING COUNTRY EXPERIENCES AN INTERRUPTION OF SUPPLY AS FOLLOWS:

(A) GENERAL TRIGGER (COMPARE TO A ABOVE)

(I) INTERNATIONAL ALLOCATION AND THE FIRST LEVEL OF MANDATORY DEMAND RESTRAINT MEASURES SHALL BE INSTITUTED BY EACH PARTICIPATING COUNTRY, WHEN THE GROUP SUSTAINS, OR CAN REASONABLY BE EXPECTED TO SUSTAIN, REDUCTION IN ITS OIL SUPPLY EQUAL TO 7 PERCENT OF THE AVERAGE DAILY RATE ITS OIL CONSUMPTION DURING THE BASE PERIOD.

(II) THE SECOND LEVEL OF DEMAND RESTRAINT SHALL BE INSTUTED BY EACH PARTICIPATING COUNTRY WHEN THE GROUP SUSTAINS OR CAN REASONABLY BE EXPECTED TO SUSTAIN A REDUCTION IN ITS OIL SUPPLY EQUAL TO 14 PERCENT OF THE AVERAGE DAILY RATE OF ITS OIL CONSUMPTION DURING THE BASE PERIOD. PARTICIPATING COUNTRIES AGREE THAT WHEN ACCUMULATED DAILY EMERGENCY SUPPLY DRAWDOWN OBLIGATIONS HAVE REACHED 50 PERCENT OF TARGET EMERGENCY SUPPLIES, MANDATORY DEMAND RESTRAINT SHALL BE INCREASED TO THE LEVEL REQUIRED FOR MEETING THE NECESSITIES OF THE SITUATION.



(B) SELECTIVE TRIGGER

INTERNATIONAL ALLOCATION SHALL BEGIN WHENEVER EACH COUNTRY SUSTAINS, OR CAN REASONABLY BE EXPECTED TO SUSTAIN, A REDUCTION IN THE DAILY RATE OF ITS OIL SUPPLY AT LEAST EQUAL TO 5 PERCENT OF THE AVERAGE DAILY RATE OF ITS OIL CONSUMPTION DURING THE BASE PERIOD.

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IT IS RECOGNIZED THAT SPECIFIC REGIONS OF CERTAIN COUNTRIES WITH DOMESTIC PRODUCTION ARE WHOLLY OR LARGELY DEPENDENT UPON OIL IMPORTS (FOR EXAMPLE EASTERN CANADA). SPECIAL CONSIDERATION WILL BE GIVEN TO THESE COUNTRIES WITH A VIEW TO ELIMINATING ANY INEQUITIES WHICH MAY BE INVOLVED. WHEN INTERNATIONAL ALLOCATION BUT NOT THE MANDATORY DEMAND RESTRAINT PROGRAM IS IN EFFECT, INDIVIDUAL MEMBERS SHALL BE FREE TO DEAL WITH RESULTING REDUCTION IN THEIR OWN OIL SUPPLY THROUGH ANY COMBINATION OF MEASURES, SUCH AS SELECTIVE DEMAND RESTRAINTS AND DRAWDOWN OF STOCKS, OF THEIR OWN CHOOSING. THE PARTICIPATING COUNTRIES WILL HOWEVER CONSULT EACH OTHER IN ORDER TO MAINTAIN THE CONSISTENCY OF THE PROGRAM

2. SUPPLY INTERRUPTIONS

THE ARRANGEMENT SHALL NOT COVER FLUCTUATIONS OF SUPPLY ATTRIBUTABLE TO MARKET FORCES OR ORDINARY OPERATIONAL DIFFICULTIES OF THE INDUSTRY.

3. ACTIVATION OF THE TRIGGER (FOOTNOTE)

(A) AN INTERNATIONAL SECRETARIAT, ON THE BASIS OF STATISTIC AND OTHER INFORMATION AVAILABLE TO IT, DETERMINES WHETHER AN INTERRUPTION OF SUPPLY HAS OCCURRED AND THE AMOUNT OF THE REDUCTION IN OIL SUPPLY TO EACH PARTICIPATING COUNTRY AND TO THE GROUP AS A WHOLE RESULTING OR LIKELY TO RESULT THEREFROM.

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(B) A SENIOR CRISIS MANAGEMENT COMMITTEE SHALL BE KEPT INFORMED OF THE SECRETARIAT'S DELIBERATIONS AND SHALL MEET PROMPTLY AFTER THE SECRETARIAT HAS MADE A DETERMINATION TO REVIEW THE ACCURACY OF THE DATA COMPLIED AND THE INFORMATION UTILIZED. THE GOVERNING BODY OR THE COMMITTEE MAY DECIDE WITHIN (3) CALENDAR DAYS TO REVERSE THE DETERMINATION. IF IT DOES NOT SO DECIDE THE PROGRAM SHALL THEN BECOME EFFECTIVE WITHIN (15) DAYS UNLESS THE GOVERNING BODY OR THE COMMITTEE DECIDES TO MODIFY THE MEASURES AND THE TIMING OF THEIR ENTRY INTO FORCE.

(C) THE CRISIS MANAGEMENT COMMITTEE SHALL ALSO MEET ON REQUEST OF ANY PARTICIPATING COUNTRY.

(D) THE GOVERNING BODY WILL MEET AT THE REQUEST OF ANY PARTICIPATING COUNTRY TO REVIEW DECISIONS OF THE CRISIS MANAGEMENT COMMITTEE.

(FOOTNOTE: A NEW TEXT CONCERNING THE REVIEW AND CONSULTATION CLAUSE WILL BE PROPOSED TO THE GROUP BEFORE THE ECG MEETING OF JULY 29.)

N.B. VOTING RULES AND PROCEDURES WILL BE DISCUSSED ON JULY 29; NO VETO RIGHT FOR ONE COUNTRY WILL BE ENVISAGED.  
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### 3. LONG-TERM COOPERATION

THE PARTICIPATING COUNTRIES ARE DETERMINED TO AND WILL TAKE STEPS TO REDUCE OVER THE LONGER TERM THEIR DEPENDENCE ON IMPORTED OIL FOR MEETING THEIR TOTAL ENERGY REQUIREMENTS. TO THIS END, THEY WILL UNDERTAKE NATIONAL PROGRAMS, AND

THEY AGREE JOINTLY TO CONSIDER THE ADOPTION, WITHIN (SIX) MONTHS AFTER ENTRY INTO FORCE OF THE EMERGENCY PROGRAM, OF COOPERATIVE PROGRAMS COVERING THE FOLLOWING FIELDS:

- CONSERVATION AND REGIONAL UTILIZATION OF ENERGY;
- DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY INCLUDING DOMESTIC OIL, COAL, NATURAL GAS, NUCLEAR ENERGY AND HYDROELECTRIC POWER;
- ENERGY RESEARCH AND DEVELOPMENT;
- URANIUM ENRICHMENT.

A STANDING COMMITTEE ON LONG-TERM COOPERATION IS SET UP UNDER THE PROGRAM WITH THE TASK OF FORMULATING RECOMMENDATIONS ON THIS LONG TERM COOPERATIVE EFFORT.

(FOOTNOTE: THE ECG WILL REEXAMINE THIS TEXT AFTER DISCUSSION OF RELEVANT REPORTS OF THE ADHOC GROUPS.)

ANNEX TO E (LONG-TERM COOPERATION)

IN FORMULATING ITS RECOMMENDATIONS FOR THE INITIAL LONG-TERM COOPERATIVE PROGRAM, SOME DELEGATIONS BELIEVE THE STANDING COMMITTEE SHOULD CONSIDER, I.A, THE FOLLOWING ISSUES:-NATIONAL AND GROUP TARGETS FOR CONSERVATION AND RATIONAL UTILIZATION OF ENERGY;

-NATIONAL AND GROUP TARGETS FOR DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES;

-COOPERATIVE MEASURES FOR SHARING PUBLIC EXPENDITURES IN DEVELOPMENT OF ALTERNATIVE ENERGY RESOURCES AS WELL AS ENERGY RESEARCH AND DEVELOPMENT:

-COOPERATIVE MEASURES TO ASSURE INVESTORS OF MINIMUM RETURN ON INVESTMENTS WHEN THESE ARE BROUGHT ON STREAM;

-COOPERATIVE MEASURES TO ASSURE THE INTEGRITY OF INVESTMENTS BETWEEN PARTICIPATING COUNTRIES;

-ABOLITION OF BARRIERS TO ENERGY TRADE AND INVESTMENTS BETWEEN PARTICIPATING COUNTRIES;

-CREDIT SYSTEM FOR ENERGY INVESTMENTS TO BE TAKEN INTO ACCOUNT IN COUNTRIES MEETING THEIR EMERGENCY SUPPLY TARGET OBLIGATIONS, CONSIDERING THAT THE INVESTMENTS

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WILL IN THE LONG-TERM, CONTRIBUTE TO THE REDUCTION OF THE GROUP'S DEPENDENCE ON IMPORTED OIL.

F. GENERAL PROVISIONS

1. INFORMATION SYSTEM:

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THE GOVERNMENTS OF THE COUNTRIES PARTICIPATING IN THIS PROGRAM AGREE TO FURNISH AND TO TAKE ANY NECESSARY STEPS TO ASSURE THAT COMPANIES OPERATING IN THEIR COUNTRIES FURNISH DATA NEEDED FOR THE PROGRAM A PERMANENT SECRETARIAT RESPONSIBLE TO A GOVERNING BODY WILL ESTABLISH PROMPTLY AND MANAGE THE COMPREHENSIVE INFORMATION SYSTEM REQUIRED FOR THE ADMINISTRATION AND IMPLEMENTATION OF THIS EMERGENCY PROGRAM. THE PERMANENT SECRETARIAT WILL CONSULT WITH EXPORTS DRAWN FROM INDUSTRY AND GOVERNMENTS TO ASSIST IT IN IDENTIFYING SPECIFIC DATA NEEDED FOR THE EFFICIENT OPERATION OF THE PROGRAM AND IN ESTABLISHING PROCEDURES FOR OBTAINING THIS DATA ON A TIMELY BASIS.

IN ANNEX A IS GIVEN A PRELIMINARY LIST OF THE TYPES OF NATIONAL AND INTERNATIONAL INFORMATION NEEDED FOR THE PROGRAM.

## 2. CONSULTATION AND REVIEW

-THE PARTICIPATING COUNTRIES WILL REVIEW PERIODICALLY DEVELOPMENTS IN THE INTERNATIONAL ENERGY SITUATION AND THE ECONOMIC AND MONETARY IMPLICATIONS OF THESE  
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DEVELOPMENTS.

- THE PARTICIPATING COUNTRIES WILL ALSO CONSULT REG-

ULARLY AND TAKE APPROPRIATE ACTION ON ALL MATTERS  
WITHIN THE SCOPE OF THE PROGRAM INCLUDING:  
--EMERGENCY MEASURES;  
--PROBLEMS RELATING TO THE OIL SUPPLIES OF ANY  
PARTICIPATING COUNTRY OR GROUP OF COUNTRIES;  
--LONG TERM COOPERATION;  
--THE INTERNATIONAL INFORMATION SYSTEM CONCERNING  
OIL COMPANIES.  
--CONSULTATIONS ON AN APPROPRIATE LEVEL WILL TAKE  
PLACE ON 72 HOURS NOTICE AT THE REQUEST OF ANY  
PARTICIPATING COUNTRY IF:

- (1) IT IS THE TARGET OF SELECTIVE MEASURES;
- (11) IT BELIEVES A GENERAL EMERGENCY EXISTS.

3. PARTICIPATION OF THE OIL INDUSTRY.  
ARRANGEMENTS WILL BE MADE TO ENSURE THAT INDUSTRY  
PARTICIPATES IN THE PROGRAM AND COMPLIES WITH ITS REQUIRE-  
MENTS.

4. PREPARATORY WORK FOR SETTING UP THE PROGRAM  
PROVISIONS WILL BE MADE FOR THE INTERIM MANAGEMENT OF THE  
PROGRAM UNTIL IT IS TAKEN OVER BY A PERMANENT INSTITUTIONAL  
MECHANISM.

5. GENERAL REVIEW AND DURATION OF THE INTEGRATED EMER-  
GENCY PROGRAM  
THE INTEGRATED EMERGENCY PROGRAM WILL HAVE A TEN-YEAR  
DURATION BUT WILL BE SUBJECT TO A GENERAL REVIEW AFTER  
FIVE YEARS. ( ) YEARS AFTER ITS ENTRY INTO FORCE, ANY  
PARTICIPATING COUNTRY MAY TERMINATE THE APPLICATION OF THE  
AGREEMENT TO ITSELF BY GIVING TWELVE MONTHS NOTICE TO THAT  
EFFECT.

ANNEX A:  
PRELIMINARY LIST OF THE TYPES OF NATIONAL AND INTERNATIONAL  
INFORMATION NEEDED FOR THE PROGRAM  
DEMAND RESTRAINT:  
-NORMAL NATIONAL CONSUMPTION ON THE BASIS OF THE MOST RE-  
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CENT TWELVE MONTH PERIOD, ACTUAL CURRENT LEVELS, OR BOTH.  
- THE ABILITY OF EACH COUNTRY TO RESTRAIN CONSUMPTION  
DURING TIMES OF EMERGENCY UNDER ITS COMMITMENTS IN  
THIS PROGRAM.  
- THE TIME REQUIRED TO IMPLEMENT DEMAND RESTRAINT MEASURES.  
-ACTUAL SAVINGS IN CONSUMPTION DURING PERIODS OF SUPPLY  
EMERGENCY.

STANDBY SUPPLIES:

-LEVELS OF EMERGENCY SUPPLIES IN NORMAL AND CRISIS SITUATIONS, INCLUDING STOCK, STANDBY SUPPLIES, ETC.  
-COMPLIANCE BY EACH COUNTRY WITH ITS EMERGENCY SELF-SUFFICIENCY COMMITMENTS UNDER THE PROGRAM.

INTERNATIONAL SUPPLY, DEMAND AND MOVEMENT OF OIL:  
-CURRENT AND PROJECTED LEVELS OF INTERNATIONAL SUPPLY AND DEMAND.  
-VARIATIONS FROM NORMAL LEVELS OF OIL SUPPLIES FOR THE GROUP AS A WHOLE AND FOR INDIVIDUAL MEMBERS.  
-AMOUNT OF OIL AVAILABLE TO GROUP AS A WHOLE DURING AN EMERGENCY INCLUDING OIL AT SEA OR IN THIRD COUNTRIES WHEN THE CRISIS BEGINS."FIRESTONE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Review Authority:** golinofr  
**Review Comment:** n/a  
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**To:** STATE  
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